

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6356

BILL NUMBER: SB 126

NOTE PREPARED: Feb 5, 2013

BILL AMENDED: Jan 31, 2013

SUBJECT: Homeowners Association Covenants.

FIRST AUTHOR: Sen. Holdman

FIRST SPONSOR: Rep. Carbaugh

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) The bill provides that if all the lots included as part of certain homeowners associations are not all subject to the same homeowners association covenants, all the lots may be made subject to new replacement covenants if the homeowners association: (1) distributes to the owner of each lot a proposed set of covenants that would apply to all lots included as part of the homeowners association and a petition to be signed by each lot owner on which the owner indicates whether the owner approves or disapproves of applying the proposed covenants to all lots included as part of the homeowners association; and (2) submits the petitions and covenants to the county recorder if the lesser of: (A) a percentage of lot owners specified in the covenants; or (B) two-thirds of all lot owners; approve of applying the covenants to all lots included as part of the homeowners association.

The bill specifies that homeowners association covenants submitted to a county recorder in accordance with these procedures are considered to be in effect on the date they are recorded. The bill provides that a replacement covenant does not apply to and is not binding on certain properties in the homeowner's association that: (1) have lots that are 25% larger or smaller than the average of all lots in the association; (2) have homes that are 25% larger or smaller than the average of all homes in the association; or (3) have an average assessed value that is 25% larger or smaller than the average assessed value of all homes in the association. Specifies that a replacement covenant does not apply retroactively.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Summary:* If there are additional situations where new covenants are recorded as a result of the bill, county recorders, in counties with land developments as described in the bill, would receive additional revenue from recording fees.

Additional Information-

Basic fees for recording documents with the county recorder are \$6 for the first page and \$2 for each additional page of any document the recorder records if the pages are not larger than 8½ inches by 14 inches. If the pages are larger than 8½ inches by 14 inches, the fees are \$15 for the first page and \$5 for each additional page of any document the recorder records. Additional fees apply in certain situations as prescribed under existing state statute.

State Agencies Affected:

Local Agencies Affected: County recorders.

Information Sources:

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